

87TH CONGRESS } 2d Session }	HOUSE OF REPRESENTATIVES {	REPORT No. 1957 }
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## SUGAR ACT AMENDMENTS OF 1962

JUNE 29, 1962.—Ordered to be printed

Mr. COOLEY, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany H.R. 12154]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

*That this Act may be cited as the "Sugar Act Amendments of 1962".*

*SEC. 2. Section 201 of the Sugar Act of 1948, as amended, is amended as follows: by striking out of the last sentence thereof, all of the language following the phrase "in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power," and by adding after such phrase the following language: "shall take into consideration the relationship between the price for raw sugar that he estimates would result from such determination and the parity index, as compared with the relationship between the average price of raw sugar during the three-year period 1957, 1958, and 1959, and the average of the parity indexes during such three years, with the view to attaining generally stable domestic sugar prices that will carry out over the long term the price objective previously set forth in this section; and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he deems necessary in the amount of sugar determined to be needed to meet requirements of consumers. The term 'parity index' as used herein shall mean such index as determined under section 301 of the Agricultural Adjustment Act of 1938, as amended, and as published monthly by the United States Department of Agriculture."*

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*SEC. 3. Section 202 of such Act is amended to read as follows:*

*"SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—*

*"(a)(1) For domestic sugar-producing areas, by apportioning among such areas five million eight hundred and ten thousand short tons, raw value, as follows:*

<i>"Area</i>	<i>Short tons, raw value</i>
<i>Domestic beet sugar-----</i>	<i>2, 650, 000</i>
<i>Mainland cane sugar-----</i>	<i>895, 000</i>
<i>Hawaii-----</i>	<i>1, 110, 000</i>
<i>Puerto Rico-----</i>	<i>1, 140, 000</i>
<i>Virgin Islands-----</i>	<i>15, 000</i>
<i>Total-----</i>	<i>5, 810, 000</i>

*"(2)(A) To the above total of five million eight hundred and ten thousand short tons, raw value, there shall be added an amount equal to 65 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States for the calendar year exceeds nine million seven hundred thousand short tons, raw value. Such additional amount shall be apportioned between the domestic beet sugar area and the mainland cane sugar area on the basis of the quotas for such areas established under paragraph (1) of this subsection and the amounts so apportioned shall be added to the quotas for such areas.*

*"(B) Whenever the production of sugar in Hawaii, Puerto Rico, or in the Virgin Islands in any year subsequent to 1961 results in their being available for marketing in the continental United States in any year sugar in excess of the quota for such area for such year established under paragraph (1) of this subsection, the quota for the immediately following year established for such area under paragraph (1) of this subsection shall be increased to the extent of such excess production: Provided, That in no event shall the quota for Hawaii, Puerto Rico, or the Virgin Islands, as so increased, exceed the quota which would have been established for such area at the same level of consumption requirements under the provisions of section 202(a) of the Sugar Act of 1948, as amended, in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1962.*

*"(b) For the Republic of the Philippines, in the amount of one million and fifty thousand short tons, raw value, of sugar.*

*"(c)(1) For the six-month period ending December 31, 1962, for foreign countries other than the Republic of the Philippines an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of (i) the quotas established pursuant to subsections (a) and (b) of this section, (ii) the amount of nonquota purchase sugar authorized for importation between January 1 and June 30, 1962, inclusive, pursuant to Sugar Regulation 820, and (iii) the quotas for foreign countries other than the Republic of the Philippines established by Sugar Regulation 811 for the six-month period ending June 30, 1962.*

*"(2) For the calendar years 1963 and 1964, for foreign countries other than the Republic of the Philippines, an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsections (a) and (b) of this section.*

*"(3)(A) The quotas for foreign countries other than the Republic of*

*the Philippines determined under paragraphs (1) and (2) of this subsection, less five thousand six hundred and sixty-seven short tons, raw value, for 1962 and less eleven thousand three hundred and thirty-two short tons, raw value, for 1963 and 1964, shall be prorated among such countries on the following basis:*

<i>"Country</i>	<i>Per centum</i>
<i>Cuba.....</i>	<i>57.77</i>
<i>Peru.....</i>	<i>6.71</i>
<i>Dominican Republic.....</i>	<i>6.71</i>
<i>Mexico.....</i>	<i>6.71</i>
<i>Brazil.....</i>	<i>6.37</i>
<i>British West Indies.....</i>	<i>3.19</i>
<i>Australia.....</i>	<i>1.41</i>
<i>Republic of China.....</i>	<i>1.24</i>
<i>French West Indies.....</i>	<i>1.06</i>
<i>Colombia.....</i>	<i>1.06</i>
<i>Nicaragua.....</i>	<i>0.88</i>
<i>Costa Rica.....</i>	<i>0.88</i>
<i>Ecuador.....</i>	<i>0.88</i>
<i>India.....</i>	<i>0.71</i>
<i>Haiti.....</i>	<i>0.71</i>
<i>Guatemala.....</i>	<i>0.71</i>
<i>South Africa.....</i>	<i>0.71</i>
<i>Panama.....</i>	<i>0.53</i>
<i>El Salvador.....</i>	<i>0.36</i>
<i>Paraguay.....</i>	<i>0.35</i>
<i>British Honduras.....</i>	<i>0.35</i>
<i>Fiji Islands.....</i>	<i>0.35</i>
<i>Netherlands.....</i>	<i>0.35</i>

*"(B) For the six-month period ending December 31, 1962, Canada, United Kingdom, Belgium, and Hong Kong shall be permitted to import into the continental United States the amount of sugar allocated to each in Sugar Regulation 811, issued December 11, 1961 (26 F.R. 11963). For the calendar years 1963 and 1964, Canada, United Kingdom, Belgium, and Hong Kong shall be permitted to import into the continental United States a total of thirteen hundred and thirty-two short tons of sugar, raw value, which amount shall be allocated to such countries in amounts as specified in Sugar Regulation 811, as amended, issued March 31, 1961 (26 F.R. 2774);*

*"(C) For the six-month period ending December 1962, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate five thousand short tons. For the calendar years 1963 and 1964, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate ten thousand short tons. Each foreign country to which an allocation is made under the provisions of this subparagraph for any period or year shall be permitted to import into the continental United States the amount of sugar allocated to it by the Secretary.*

*"(4) Notwithstanding the provisions of paragraph (3) of this subsection, whenever the United States is not in diplomatic relations with any country named in paragraph (3) of this subsection and during such period after resumption of diplomatic relations with such country as the Secretary determines is required to permit an orderly adjustment in the channels of commerce for sugar, the proration or allocation provided for in paragraph (3) of this subsection shall not be made to such country, and a quantity of sugar not to exceed an amount equal to the proration*

or allocation which would have been made but for the provisions of this paragraph, may be authorized for purchase and importation from foreign countries, except that all or any part of such quantity need not be purchased from any country with which the United States is not in diplomatic relations, or from any country designated by the President whenever he finds and proclaims that such action is required in the national interest. In authorizing the purchase and importation of sugar from foreign countries under this paragraph, special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities.

"(5) Sugar authorized for purchase pursuant to paragraph (4) of this subsection shall be raw sugar, except that if the Secretary determines that the total quantity is not reasonably available as raw sugar from the countries either named or determined by the Secretary under paragraph (4) of this subsection, he may authorize for purchase for direct consumption from such countries such part of such quantity of sugar as he determines may be required to meet the requirements of consumers in the United States.

"(6) Sugar shall not be authorized for purchase pursuant to paragraph (4) of this subsection from any foreign country which imports sugar unless, in the preceding and current calendar year, its aggregate exports of sugar to countries other than the United States equal or exceed its aggregate imports of sugar.

"(d) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons, raw value, fails to fill such quota or proration by more than ten per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204.

"(e) If a foreign country imports sugar, it may not export sugar to the United States to fill its quota or proration thereof for any year unless, in both the preceding and current calendar years, its aggregate exports of sugar to countries other than the United States equal or exceed its aggregate imports of sugar. If sugar is exported to the United States from any foreign country in any year in violation of this subsection (e), the quota or proration thereof for such foreign country for subsequent years shall be reduced by an amount equal to three times the lesser of (i) the amount of such country's excess of imports of sugar over its exports of sugar to countries other than the United States during the preceding or current calendar year, in whichever year an excess or the larger excess occurs, or (ii) the amount of sugar exported to the United States by such country to fill its quota or proration thereof during the calendar year in which the violation of this subsection (e) occurred.

"(f) The quota or proration thereof or purchase authorization established for any foreign country may be filled only with sugar produced from sugarbeets or sugarcane grown in such country."

SEC. 4. Section 204 of such Act is amended to read as follows:

"SEC. 204. (a) The Secretary shall from time to time determine whether, in view of the current inventories of sugar, the estimated pro-

duction from the acreage of sugarcane or sugarbeets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any area or country will be unable to market the quota or proration for such area or country. If the Secretary determines that any domestic area or foreign country will be unable to market the quota or proration for such area or country, he shall revise the quota for the Republic of the Philippines and the prorations for foreign countries named in section 202(c)(3)(A) by prorating an amount of sugar equal to the deficit so determined to such countries without a deficit on the basis of the quota for the Republic of the Philippines and the prorations for such countries then in effect: Provided, That no part of any such deficit shall be prorated to any country not in diplomatic relations with the United States. If the Secretary determines that any foreign country will be unable to fill its share of any deficit determined under this section, he shall apportion such unfilled amount on such basis and to the Republic of the Philippines and such other foreign countries named in section 202(c)(3)(A) as he determines is required to fill any such deficit: Provided, That no such apportionment shall be made to any foreign country not in diplomatic relations with the United States. If the Secretary determines that neither the Republic of the Philippines nor the countries named in section 202(c)(3)(A) can fill all of any such deficit whenever the provisions of section 202(c)(4) apply, he shall add such unfilled amount to the quantity of sugar which may be purchased pursuant to section 202(c)(4), and whenever section 202(c)(4) does not apply he shall apportion such unfilled amount on such basis and to such foreign countries in diplomatic relations with the United States as he determines is required to fill such deficit.

"(b) The quota established for any domestic area or the Republic of the Philippines under section 202 shall not be reduced by reason of any determination of a deficit existing in any calendar year under subsection (a) of this section."

SEC. 5. (a) Section 205(a) of such Act is amended by inserting in the second sentence thereof immediately after "sugarbeets or sugarcane" the following: ", limited in any year when proportionate shares were in effect to processings".

(b) Section 205(a) of such Act is further amended by inserting after the second sentence thereof the following new sentence: "The Secretary is also authorized in making such allotments, whenever there is involved any allotment that pertains to a new sugarbeet processing plant or factory serving a locality having a substantial sugarbeet acreage for the first time or that pertains to an existing sugarbeet processing plant or factory with substantially expanded facilities added to serve farms having a substantial sugarbeet acreage for the first time, to take into consideration in lieu of or in addition to the foregoing factors of processing, past marketings, and ability to market, the need of establishing an allotment which will permit such marketing of sugar as is necessary for reasonably efficient operation of any such new processing plant or factory or expanded facilities during each of the first two years of its operation."

SEC. 6. Section 206 of such Act is amended to read as follows:

"SEC. 206. The sugar or liquid sugar in any product or mixture, which the Secretary determines is the same or essentially the same in composition and use as a sugar-containing product or mixture which was imported into the United States during any three or more of the five years prior to 1960 without being subject to a quota under this Act, shall not be subject to the quota and other provisions of this Act, unless the

*Secretary determines that the actual or prospective importation or bringing into the United States or Puerto Rico of such sugar-containing product or mixture will substantially interfere with the attainment of the objectives of this Act: Provided, That the sugar and liquid sugar in any other product or mixture imported or brought into the United States or Puerto Rico shall be subject to the quota and other provisions of this Act unless the Secretary determines that the actual or prospective importation or bringing in of the sugar-containing product or mixture will not substantially interfere with the attainment of the objectives of this Act. In determining whether the actual or prospective importation or bringing into the United States or Puerto Rico of any sugar-containing product or mixture will or will not substantially interfere with the attainment of the objectives of this Act, the Secretary shall take into consideration the total sugar content of the product or mixture in relation to other ingredients or to the sugar content of other products or mixtures for similar use, the costs of the mixture in relation to the costs of its ingredients for use in the United States or Puerto Rico, the present or prospective volume of importations relative to past importations, and other pertinent information which will assist him in making such determination. Determinations by the Secretary that do not subject sugar or liquid sugar in a product or mixture to a quota, may be made pursuant to this section without regard to the rulemaking requirements of section 4 of the Administrative Procedure Act, and by addressing such determinations in writing to named persons and serving the same upon them by mail. If the Secretary has reason to believe it likely that the sugar or liquid sugar in any product or mixture will be subject to a quota under the provisions of this section, he shall make any determination provided for in this section with respect to such product or mixture in conformity with the rulemaking requirements of section 4 of the Administrative Procedure Act."*

*SEC. 7. Section 207 of such Act is amended to read as follows:*

*"SEC. 207. (a) The quota for Hawaii established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 0.342 per centum of the Secretary's determination for such year issued pursuant to section 201.*

*"(b) The quota for Puerto Rico established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 1.5 per centum of the Secretary's determination for such year issued pursuant to section 201: Provided, That one hundred and twenty-six thousand and thirty-three short tons, raw value, of such direct-consumption sugar shall be principally of crystalline structure.*

*"(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.*

*"(d) Not more than fifty-six thousand short tons of sugar of the quota for the Republic of the Philippines for any calendar year may be filled by direct-consumption sugar as provided under section 201 of the Philippine Trade Agreement Revision Act of 1955.*

*"(e)(1) None of the proration established for Cuba under section 202(c)(3) for any calendar year and none of the deficit prorations and apportionments for Cuba established under section 204(a) may be filled by direct-consumption sugar.*

*"(2) The proration or allocation established for each foreign country which receives a proration or allocation of twenty thousand short tons, raw value, or less under section 202(c)(3), may be filled by direct-consumption sugar to the extent of the average amount of direct-consumption sugar*

entered by such country during the years 1957, 1958, and 1959. None of the proration or allocation established for each foreign country which receives a proration or allocation of more than twenty thousand short tons, raw value, under section 202(c)(3), may be filled by direct-consumption sugar. None of the deficit prorations and apportionments for foreign countries established under section 204(a) may be filled by direct-consumption sugar.

"(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

"(g) The direct-consumption portions of the quotas established pursuant to this section, and the enforcement provisions of title II applicable thereto, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 408 of this Act unless the President acting thereunder specifically finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of direct-consumption portions of the quotas."

SEC. 8. Section 208 of such Act is amended to read as follows:

"SEC. 208. A quota for liquid sugar for foreign countries for each calendar year is hereby established as follows: two million gallons of sirup of cane juice of the type of Barbados molasses, limited to liquid sugar containing soluble nonsugar solids (excluding any foreign substances that may have been added or developed in the product) of more than 5 per centum of the total soluble solids, which is not to be used as a component of any direct-consumption sugar but is to be used as molasses without substantial modification of its characteristics after importation, except that the President is authorized to prohibit the importation of liquid sugar from any foreign country which he shall designate whenever he finds and proclaims that such action is required by the national interest."

SEC. 9. Section 209 of such Act is amended (1) by inserting before the last three words of subsection (a) the words "or proration"; (2) by inserting after the word "proration" in subsection (d) the words "or allocation" and by striking the period at the end of subsection (d) and inserting a semicolon in lieu thereof; and (3) by adding a new subsection (e) to read as follows:

"(e) From bringing or importing into the Virgin Islands for consumption therein, any sugar or liquid sugar produced from sugarcane or sugarbeets grown in any area other than Puerto Rico, Hawaii, or the continental United States."

SEC. 10. (a) Section 211(a) of such Act is amended by striking out the first two sentences thereof.

(b) Section 211(c) is amended to read as follows: "The quota established for any domestic sugar-producing area may be filled only with sugar or liquid sugar produced from sugarbeets or sugarcane grown in such area."

SEC. 11. Section 212 of such Act is amended by inserting after "alcohol," in clause (4) thereof the following: "including all polyhydric alcohols,"

SEC. 12. A new section 213 is added and inserted immediately after section 212 of such Act as follows:

"SEC. 213. (a) An import fee established as provided in subsection (b) of this section shall be paid to the United States as a condition for importing into the continental United States sugar purchased pursuant to paragraph (4) of section 202(c) of this Act. Such fee shall be paid by the person applying to the Secretary for entry and release of sugar. Such payment shall be made in accordance with regulations promulgated by the Secretary.

"(b) Whenever the Secretary determines that the currently prevailing price for raw sugar for the United States market exceeds the market price which he determines, from available information, prevails for raw sugar of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), he shall establish an import fee in such amount as he determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201, would exceed the market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c). Such fee shall be imposed on a per pound, raw value, basis, and shall be applied uniformly to sugar purchased pursuant to paragraphs (4) and (5) of section 202(c).

"(c) As a condition for importing sugar into the continental United States pursuant to paragraph (3) of section 202(c) and section 204(a) of this Act, an import fee shall be paid to the United States during the years 1962, 1963, and 1964, which fee in each such year shall be respectively 10, 20, and 30 per centum of the amount which the Secretary determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201 would exceed either the prevailing market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), or whenever paragraph (4) of section 202(c) does not apply, the prevailing world market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff). The fee provided for in this paragraph shall be imposed on a per pound, raw value, basis, and shall be applied uniformly, except that the import fee imposed on any direct-consumption sugar during the years 1962, 1963, and 1964, shall be respectively 0.1, 0.2, and 0.3 of one cent per pound more than the import fee imposed on raw sugar under this paragraph.

"(d) The funds collected as import fees by the Secretary pursuant to the provisions of this section shall be covered into the Treasury as miscellaneous receipts."

SEC. 13. (a) Section 301(b) of such Act is amended by striking out the language "in excess of the proportionate share for the farm, as determined by the Secretary" and inserting in lieu thereof the language "in excess of the proportionate share for the farm, if farm proportionate shares are determined by the Secretary".

(b) Section 302(a) of such Act is amended by striking out the language "for the farm, as determined by the Secretary," and inserting in lieu thereof the language "for the farm, if farm proportionate shares are determined by the Secretary,".

(c) Section 302(b) of such Act is amended to read as follows:

"(b)(1) Whenever the Secretary determines that the production of sugar from any crop of sugarbeets or sugarcane will be greater than the quantity needed to enable the area to meet the quota, and provide a normal carryover inventory, as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar from such crop normally would be marketed, he shall establish proportionate shares for farms



in such area as provided in this subsection. In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugarbeets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar (within proportionate shares when in effect) and the ability to produce such sugarbeets or sugarcane.

"(2) The Secretary may also, in lieu of or in addition to the foregoing factors, take into consideration with respect to the domestic beet sugar area the sugarbeet production history of the person who was a farm operator in the base period, in establishing farm proportionate shares in any State or substantial portion thereof in which the Secretary determines that sugarbeet production is organized generally around persons rather than units of land, other than a State or substantial portion thereof wherein personal sugarbeet production history of farm operators was not used generally prior to 1962 in establishing farm proportionate shares. In establishing proportionate shares for farms in the domestic beet sugar area, the Secretary may first allocate to States (except acreage reserved) the total acreage required to enable the area to meet its quota and provide a normal carry-over inventory (hereinafter referred to as the 'national sugarbeet acreage requirement') on the basis of the acreage history of sugarbeet production and the ability to produce sugarbeets for extraction of sugar in each State.

"(3) In order to make available acreage for growth and expansion of the beet sugar industry, the Secretary, in addition to protecting the interest of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall reserve each year from the national sugarbeet acreage requirement established by him the acreage required to yield 65,000 short tons, raw value, of sugar. The acreage so reserved shall be distributed on a fair and reasonable basis, when it can be utilized, to farms without regard to any other acreage allocations to States or areas within States determined by him and shall be withheld from such other allocations until it can be so utilized. Provided, however, That beginning with 1966, the total acreage previously reserved and not used, plus that reserved in the current year, shall not exceed the acreage required to produce 100,000 short tons, raw value, of sugar. At the time the Secretary distributes the sugarbeet acreage reserve for any year, which determination of distribution shall be made as far in advance of such year as practicable, such distribution shall thereby be committed to be in effect for the year in which production of sugarbeets is scheduled to commence in a locality or localities determined by the Secretary to receive such reserves for such year, such determination of distribution by the Secretary shall be final, and such commitment of the sugarbeet acreage reserve shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that construction of sugarbeet processing facilities and the contracting for processing of sugarbeets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of distribution of the sugarbeet acreage reserve, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining distribution of the sugarbeet acreage reserve and whenever proposals are made to construct sugarbeet processing facilities in two or more localities where sugarbeet

production is scheduled to commence in the same year, the Secretary shall base his determination and selection upon the firmness of capital commitment, suitability for growing sugarbeets, the proximity of other mills, need for a cash crop or a replacement crop, and accessibility to sugar markets, and the relative qualifications of localities under such criteria. Whenever there is no interest in constructing a new facility to commence production in a certain year, the Secretary shall give consideration to proposals, if any, to substantially expand existing factory facilities and in such event he shall base his determination of distribution of the sugarbeet acreage reserve on the aforementioned criteria and the extent of the proposed substantial expansion or expansions. If proportionate shares are in effect in the two years immediately following the year for which the sugarbeet acreage reserve is committed for any locality, the acreage of proportionate shares established for farms in such locality in each of such two years shall not be less than the smaller of the acreage committed to such farms or the acreage required to yield 50,000 short tons, raw value, of sugar based upon the yield expectancy initially considered by the Secretary in distributing the sugarbeet acreage reserve to such locality.

"(4) The allocation of the national sugarbeet acreage requirement to States for sugarbeet production, as well as the distribution of the sugarbeet acreage reserve, shall be determined by the Secretary after investigation and notice and opportunity for an informal public hearing.

"(5) In determining farm proportionate shares, the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interest of producers who are cash tenants, share tenants, adherent planters, or sharecroppers and of the producers in any local producing area whose past production has been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions.

"(6) Whenever the Secretary determines it necessary for the effective administration of this subsection in an area where farm proportionate shares are established in terms of sugarcane acreage, he may consider acreage of sugarcane harvested for seed on the farm in addition to past production of sugarcane for the extraction of sugar in determining proportionate shares as heretofore provided in this subsection; and whenever acreage of sugarcane harvested for seed is considered in determining farm proportionate shares, acreage of sugarcane harvested for seed shall be included in determining compliance with the provisions of section 301(b) of this Act, notwithstanding any other provisions of section 301(b).

"(7) For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico."

SEC. 14. Section 404 of such Act is amended by inserting ", fees" after the word "penalties" in the second sentence thereof.

SEC. 15. Section 408 of such Act is amended by striking out all of subsection (b) thereof and inserting the following new subsections (b) and (c):

"(b) In the event the President, in his discretion, determines that any foreign country having a quota or receiving any authorization under this Act to import sugar into the United States, has been or is allocating the distribution of such quota or authorization within that country so as to discriminate against citizens of the United States, he shall suspend the quota or other authorization of that country until such time as he has received assurances, satisfactory to him, that the discrimination will not be continued. Any quantity so suspended shall be authorized for purchase in accordance with the provisions of section 202(c)(4), or apportioned in accordance with section 204(a), whichever procedure is applicable.

"(c) In any case in which the President determines that a nation or a political subdivision thereof has hereafter (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or (2) imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categories to take steps determined by the President to be appropriate and adequate to remedy such situation and to discharge its obligations under international law toward such citizens, including the prompt payment to the owner or owners of such property so nationalized, expropriated, or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend any quota, proration of quota, or authorization to purchase and import sugar under this Act of such nation until he is satisfied that appropriate steps are being taken. Any quantity so suspended shall be authorized for purchase in accordance with the provisions of section 202(c)(4), or apportioned in accordance with section 204(a) whichever procedure is applicable."

SEC. 16. Section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out "June 30" and inserting in lieu thereof "December 31" and by striking out "1962" in each place it appears therein and inserting in lieu thereof "1966".

SEC. 17. Section 413 of such Act (relating to the effective date of the Sugar Act of 1948 and the termination of the powers of the Secretary under the Sugar Act of 1937) is repealed.

SEC. 18. (a) Section 4501(c) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "December 31, 1962" in each place it appears therein and inserting in lieu thereof "June 30, 1967".

(b) Section 6412(d) (relating to refund of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "December 31, 1962"

*and inserting in lieu thereof "June 30, 1967" and by striking out "March 31, 1963" and inserting in lieu thereof "September 30, 1967".*

*SEC. 19. (a) Except as otherwise provided, the amendments made by this Act shall become effective January 1, 1962.*

*(b) The amendments made by section 6 and section 12 of this Act shall each become effective on the date stated in regulations implementing each of such sections and published in the Federal Register, or sixty days after the date of enactment of this Act, whichever is earlier.*

*And the Senate agree to the same.*

HAROLD D. COOLEY,  
W. R. POAGE,  
PAUL C. JONES,  
DANIEL K. INOUE,  
CHARLES B. HOEVEN,  
CLIFFORD G. MCINTIRE,  
CHARLES M. TEAGUE,

*Managers on the Part of the House.*

HARRY F. BYRD,  
ROBERT S. KERR,  
RUSSELL B. LONG,  
GEORGE A. SMATHERS,  
FRANK CARLSON,  
WALLACE F. BENNETT,

*Managers on the Part of the Senate.*

### STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of the House bill and substituted language which differed from the House bill in several major respects. The Senate amendment generally retained the provisions of the House bill relating to quotas for domestic areas and the proration of deficits. The Senate amendment differed substantially from the House bill in its handling of the foreign portion of the quota. It continued unchanged the quotas of foreign countries at the level provided in existing law except to reduce the Cuban quota by the amount which had been added to domestic quotas. It provided that a quantity of sugar equal to that withdrawn from Cuba (or from any other quota country with which the United States broke off diplomatic relations) should be purchased on the world market and subject to an import fee which would return to importers only the world market price. It further provided that sugar imported from countries assigned specific quotas would be subject to an import fee which would recapture a cumulative 20 percent each year of the difference between the world price and the domestic price of sugar, adding up to complete recapture of this difference in 5 years.

Under the Senate amendment, the importation of refined sugar would have been continued at approximately the same rate as under existing law except that importations of refined sugar from Cuba would have been reduced by 125,000 tons and the balance of the Cuban white sugar authorization would not have been imported as long as Cuba is not permitted to fill its quota. The House bill contained, in view of the increased raw sugar quotas, more substantial restrictions of the importation of refined sugar.

The Senate amendment did not contain the provisions of the House bill designed to prevent foreign countries discriminating against U.S. citizens in allocating or distributing its quota among exporters in such country and to penalize quota countries which expropriate the property of American citizens without adequate compensation. Also, the Senate amendment did not contain the House provision authorizing the return to sugar exporters of the Dominican Republic the import fees which were assessed against them in 1960 and 1961.

Following are the major provisions of the substitute for the Senate amendment which has been agreed to in the committee of conference and is recommended in the accompanying conference report.

1. Extends the act to December 31, 1966, with respect to domestic areas and the Philippines and to December 31, 1964, with respect to quotas for other foreign countries.

2. Provides that, when domestic requirements are at the present level of 9.7 million tons, the U.S. sugar market will be supplied as follows:

(a) By increasing the quotas for domestic sugar-producing areas by about 625,000 tons and in addition assigning those domestic areas 65 percent of increases in consumption as compared to 55 percent under current legislation. The quotas for each of the domestic sugar-producing areas under current legislation and as provided in the conference agreement are as follows:

[Short tons, raw value]		
Area	Present legis- lation	Conference agreement
Domestic beet sugar.....	2, 110, 627	2, 650, 000
Mainland cane sugar.....	649, 460	895, 000
Hawaii.....	1, 117, 936	1, 110, 000
Puerto Rico.....	1, 231, 682	1, 140, 000
Virgin Islands.....	16, 795	15, 000
Total.....	5, 186, 500	5, 810, 000

The quotas for the domestic areas were identical in the House and Senate language.

The assignments to the domestic areas are effective during the life of this act, to December 31, 1966.

(b) By assigning a quota of 1,050,000 tons to the Philippines, effective until December 31, 1966. There will be no premium recapture on the Philippine quota.

(c) By assigning quotas totaling 1,205,000 tons to foreign suppliers, other than Cuba and the Philippines, to be effective to December 31, 1964, on approximately the following basis:

Country	Tons	Country	Tons
Peru.....	190, 000	Ecuador.....	25, 000
Dominican Republic.....	190, 000	Haiti.....	20, 000
Mexico.....	190, 000	Guatemala.....	20, 000
Brazil.....	180, 000	South Africa.....	20, 000
British West Indies.....	90, 000	Panama.....	15, 000
Australia.....	40, 000	El Salvador.....	10, 000
Republic of China.....	35, 000	Paraguay.....	10, 000
French West Indies.....	30, 000	British Honduras.....	10, 000
Colombia.....	30, 000	Fiji Islands.....	10, 000
Nicaragua.....	25, 000	Netherlands.....	10, 000
Costa Rica.....	25, 000	Other countries.....	11, 332
India.....	20, 000		

With respect to these foreign country quotas, there will be a cumulative reduction of 10 percent each year in the premium permitted over world prices. The import fee will be 10 percent of the difference between the world price and the U.S. price in the period during 1962 in which this provision is effective, 20 percent in 1963, and 30 percent in 1964.

(d) By reserving a quota of approximately 1,635,000 tons for Cuba when that nation again becomes a free and independent nation. In the meantime, while the United States and Cuba are not in diplomatic relations, the amount of this Cuban reserve will be purchased from any countries with which we are in diplomatic relations on a "global quota" basis with full recapture of the difference between the

world price and the U.S. price, with special consideration to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

The committee will observe with interest the operation of this global quota purchase program and requests that the Secretary of Agriculture provide it with monthly reports on all operations under this provision of the Sugar Act.

3. Revises the formula provided in section 201 of the act to employ the price of raw sugar and the USDA parity index, as they were related in the years 1957 to 1959, as a guide to the fairness of prices between producers and consumers.

4. Stipulates that the Secretary of Agriculture, in order to make available acreage for growth and expansion of the beet sugar industry, reserve each year, from the national sugarbeet acreage requirement, not in excess of the acreage required to yield 65,000 tons, which represents a reserve amounting to the average production of approximately 26,000 acres. This reserve would be distributed to farms without regard to other acreage allocations to States or to areas within States. The sugarbeet acreage reserve would be available for distribution to new growers supplying a new factory in a new area, and it is contemplated that this would enable the establishment of one new factory each year with two factories in each third year. The bill as agreed upon in conference also clarifies the circumstances under which the Secretary would establish grower proportionate shares and the Secretary's authority to consider the sugarbeet production history of farm operations in lieu of or in addition to the sugarbeet production history of land units, in regions where the Secretary determines that sugarbeet production is organized generally around persons rather than units of land and where personal history was generally used prior to 1962.

The conferees stipulated that no language in the bill agreed upon could be deemed to deny the Secretary authority to make State allocations with respect to cane sugar as well as to beet sugar.

5. Places limitations on direct-consumption sugar substantially similar to those in the House bill. This would limit the direct consumption sugar that may be entered from foreign countries other than the Republic of the Philippines to the average entries during the years 1957-59 of such sugar from countries which receive a proration of 20,000 tons or less. No direct consumption imports would be permitted from countries, other than the Philippines, with quotas of more than 20,000 tons. Provides that replacement supplies of sugar authorized for importation in lieu of quotas of countries not in diplomatic relations with the United States, such as Cuba, shall be in raw sugar so long as raw sugar is reasonably available from all authorized sources combined. If the Secretary finds that raw sugar is not reasonably available, he may authorize the purchase of direct-consumption sugar as required.

6. Provides that a deficit in the quota or proration for any domestic area or foreign country would be prorated, in accordance with their basic quotas or prorations, to quota countries with which the United States maintains diplomatic relations and which are able to fill such deficit. If these countries cannot fill all of such deficit, the remainder would be apportioned by the Secretary to nonquota countries with which we are in diplomatic relations.

7. Provides that any nation or political subdivision thereof which hereafter unlawfully expropriates American-owned property or otherwise seriously discriminates against such property and fails to take remedial action within a reasonable time will have its quota, proration, or authorization to import sugar suspended. Further provides that if the President, in his discretion, finds that any nation discriminates against U.S. citizens in its sugar program, he shall suspend the quota or other authorization of such nation.

8. Provides that quotas apply to the sugar content of any sugar-containing product or mixture which does not have a recent history of importation unless the Secretary finds that importation will not substantially interfere with attainment of the objectives of the act. The Secretary may also apply quotas to the sugar content of any sugar-containing product or mixture that has a history of importation in recent years if he finds that importation of the product or mixture will substantially interfere with attainment of the objectives of the act.

9. Sets up a small liquid sugar quota to permit the importation of sirup of cane juice of the type of Barbados molasses and eliminates other liquid sugar quotas.

10. Prohibits the importation into the Virgin Islands of any sugar not produced in domestic areas and only sugar produced in the Virgin Islands would be eligible to be brought into the continental United States within the quota for the Virgin Islands.

The House conferees reluctantly receded on the provision which provided for a refund of approximately \$22 million to the Government of the Dominican Republic, including the South Puerto Rico Sugar Co., an American-owned company. The conferees agreed that while the claim was meritorious the refund of the amount involved should not be authorized in this bill, but might very well be appropriately considered in separate legislation.

HAROLD D. COOLEY,  
W. R. POAGE,  
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